



# Sanctions and Anti-Money Laundering Act 2018

## 2018 CHAPTER 13

### PART 1

#### SANCTIONS REGULATIONS

#### CHAPTER 1

##### POWER TO MAKE SANCTIONS REGULATIONS

##### *Power to make sanctions regulations*

#### **1 Power to make sanctions regulations**

- (1) An appropriate Minister may make sanctions regulations where that Minister considers that it is appropriate to make the regulations—
  - (a) for the purposes of compliance with a UN obligation,
  - (b) for the purposes of compliance with any other international obligation, or
  - (c) for a purpose within subsection (2).
- (2) A purpose is within this subsection if the appropriate Minister making the regulations considers that carrying out that purpose would—
  - (a) further the prevention of terrorism, in the United Kingdom or elsewhere,
  - (b) be in the interests of national security,
  - (c) be in the interests of international peace and security,
  - (d) further a foreign policy objective of the government of the United Kingdom,
  - (e) promote the resolution of armed conflicts or the protection of civilians in conflict zones,
  - (f) provide accountability for or be a deterrent to gross violations of human rights, or otherwise promote—

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- (i) compliance with international human rights law, or
    - (ii) respect for human rights,
  - (g) promote compliance with international humanitarian law,
  - (h) contribute to multilateral efforts to prevent the spread and use of weapons and materials of mass destruction, or
  - (i) promote respect for democracy, the rule of law and good governance.
- (3) Regulations under this section must state the purpose (or purposes) of the regulations, and any purpose stated must be—
- (a) compliance with a UN obligation, or other international obligation, specified in the regulations, or
  - (b) a particular purpose that is within subsection (2).
- (4) Section 2 contains additional requirements in relation to regulations stating a purpose within subsection (2) above.
- (5) In this section “sanctions regulations” means regulations which do one or more of the following—
- (a) impose financial sanctions (see section 3);
  - (b) impose immigration sanctions (see section 4);
  - (c) impose trade sanctions (see section 5 and Schedule 1);
  - (d) impose aircraft sanctions (see section 6);
  - (e) impose shipping sanctions (see section 7);
  - (f) impose sanctions within section 8 (other sanctions for purposes of UN obligations);
  - (g) make supplemental provision in connection with any provision of the regulations or other regulations made under this section.
- (6) In this section “supplemental provision” includes any provision authorised by any other provision of this Act to be made by regulations under this section (see in particular sections 9 to 17, 19 to 21 and 54).
- (7) In this Act any reference to a gross violation of human rights is to conduct which—
- (a) constitutes, or
  - (b) is connected with,
- the commission of a gross human rights abuse or violation; and whether conduct constitutes or is connected with the commission of such an abuse or violation is to be determined in accordance with section 241A of the Proceeds of Crime Act 2002.
- (8) In this Act—
- “UN obligation” means an obligation that the United Kingdom has by virtue of a UN Security Council Resolution;
  - “UN Security Council Resolution” means a resolution adopted by the Security Council of the United Nations;
  - “international obligation” means an obligation of the United Kingdom created or arising by or under any international agreement.
- (9) For the purposes of any provision of this Act which refers to an “appropriate Minister”, the following are appropriate Ministers—
- (a) the Secretary of State;
  - (b) the Treasury.

- (10) None of paragraphs (a) to (i) of subsection (2) is to be taken to limit the meaning of any other of those paragraphs.

## **2 Additional requirements for regulations for a purpose within section 1(2)**

- (1) This section applies to regulations under section 1 any of whose purposes (as stated under section 1(3)) is a discretionary purpose.

In this section “discretionary purpose” means a purpose which is not compliance with a UN obligation or other international obligation but is within section 1(2).

- (2) An appropriate Minister may not decide that it is appropriate to make regulations to which this section applies unless, in respect of each discretionary purpose stated in the regulations, that Minister—
- (a) has considered whether there are good reasons to pursue that purpose and has determined that there are, and
  - (b) has considered whether the imposition of sanctions is a reasonable course of action for that purpose and has determined that it is.
- (3) In subsection (2)(b) “sanctions” means prohibitions and requirements of the kinds which are imposed by the regulations for the purpose in question (or both for that purpose and for another purpose of the regulations).
- (4) In relation to any regulations to which this section applies, the appropriate Minister making the regulations (“the Minister”) must at the required time lay before Parliament a report which explains in respect of each discretionary purpose stated under section 1(3) in the regulations—
- (a) why the Minister considers that carrying out that purpose would meet one or more of the conditions in paragraphs (a) to (i) of section 1(2),
  - (b) why the Minister considers that there are good reasons to pursue that purpose, and
  - (c) why the Minister considers that the imposition of sanctions (within the meaning given by subsection (3)) is a reasonable course of action for that purpose.
- (5) Nothing in subsection (4) requires the report to contain anything the disclosure of which may, in the opinion of the Minister, damage national security or international relations.
- (6) In subsection (4) “the required time” means—
- (a) in the case of regulations contained in a statutory instrument which is laid before Parliament after being made, the same time as the instrument is laid before Parliament;
  - (b) in the case of regulations contained in a statutory instrument a draft of which is laid before Parliament, the same time as the draft is laid.

### *Types of sanction*

## **3 Financial sanctions**

- (1) For the purposes of section 1(5)(a) regulations “impose financial sanctions” if they impose prohibitions or requirements for one or more of the following purposes—

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- (a) freezing funds or economic resources owned, held or controlled by designated persons (see section 9);
  - (b) preventing financial services from being provided to, or for the benefit of—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (c) preventing financial services from being procured from, or for the benefit of—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (d) preventing funds or economic resources from being made available to, or for the benefit of—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (e) preventing funds or economic resources from being received from—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (f) preventing financial services from being provided, where the services relate to financial products, or financial products of a prescribed description, issued by designated persons;
  - (g) preventing persons from owning, controlling or having a prescribed interest in persons (other than individuals) which are—
    - (i) designated persons,
    - (ii) connected with a prescribed country, or
    - (iii) of a prescribed description and connected with a prescribed country.
- (2) For the purposes of section 1(5)(a) regulations also “impose financial sanctions” if they impose prohibitions or requirements for the purpose of preventing persons from entering into, or continuing to be a party to, arrangements for commercial purposes, or for prescribed commercial purposes, with—
- (a) designated persons,
  - (b) persons connected with a prescribed country, or
  - (c) a prescribed description of persons connected with a prescribed country.
- (3) In subsection (1) any reference to funds, economic resources or financial services being made available, received, procured or provided is to their being made available, received, procured or provided (as the case may be) directly or indirectly.
- (4) In subsection (2) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (5) Sections 60 and 61 contain definitions for the purposes of this Act of—
- “economic resources”,
  - “financial products”,

“financial services”,  
“freeze”, and  
“funds”.

(6) Section 62 makes provision about the meaning of —

- (a) funds or economic resources being “owned, held or controlled” or “made available” (see subsection (4) of that section),
- (b) a person “owning” or “controlling” another person (see subsection (5) of that section), and
- (c) a person being “connected with” a country (see subsection (6) of that section).

#### **4 Immigration sanctions**

- (1) For the purposes of section 1(5)(b) regulations “impose immigration sanctions” if they provide for designated persons (see section 9) to be excluded persons for the purposes of section 8B of the Immigration Act 1971.
- (2) As to the effect of such provision, see section 8B of the Immigration Act 1971 (as amended by paragraph 1 of Schedule 3 to this Act).

#### **5 Trade sanctions**

- (1) For the purposes of section 1(5)(c) regulations “impose trade sanctions” if they impose prohibitions or requirements for one or more of the purposes mentioned in Part 1 of Schedule 1.
- (2) Part 2 of that Schedule makes further provision in connection with regulations which impose trade sanctions.

#### **6 Aircraft sanctions**

- (1) For the purposes of section 1(5)(d) regulations “impose aircraft sanctions” if they impose prohibitions or requirements for one or more of the following purposes—
  - (a) detaining disqualified aircraft (see subsection (6)) within the United Kingdom, or controlling the movement of disqualified aircraft within the United Kingdom and the airspace over the United Kingdom;
  - (b) ensuring that disqualified aircraft—
    - (i) do not overfly the United Kingdom, or
    - (ii) leave the airspace over the United Kingdom;
  - (c) preventing persons from owning, chartering or operating aircraft registered in a prescribed country;
  - (d) preventing aircraft from being registered in a prescribed country;
  - (e) preventing the registration of—
    - (i) aircraft in which a designated person (see section 9) holds a prescribed interest (or designated persons, taken together, hold a prescribed interest), or
    - (ii) aircraft chartered by demise to designated persons.
- (2) For the purposes of section 1(5)(d) regulations also “impose aircraft sanctions” if they authorise directions within subsection (3), (4) or (5).

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- (3) Directions are within this subsection if they are given for a purpose mentioned in subsection (1)(a) or (b) and either—
- (a) they are given by the Secretary of State to—
    - (i) the CAA,
    - (ii) a person who holds a licence under Chapter 1 of Part 1 of the Transport Act 2000 (air traffic services), or
    - (iii) an airport operator, or
  - (b) they are given to the operator or pilot in command of a disqualified aircraft by—
    - (i) the Secretary of State, or
    - (ii) a person mentioned in paragraph (a)(i), (ii) or (iii).
- (4) Directions are within this subsection if they are given by the Secretary of State to the CAA for the purpose of terminating the registration of any aircraft mentioned in subsection (1)(e).
- (5) Directions are within this subsection if they are given by the Secretary of State to the operator or pilot in command of a British-controlled aircraft for the purpose of preventing the aircraft from—
- (a) overflying a prescribed country, or
  - (b) landing in a prescribed country.
- (6) In this section “disqualified aircraft” means aircraft—
- (a) owned, chartered or operated by—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country,
  - (b) registered in a prescribed country, or
  - (c) originating from a prescribed country.
- (7) Provision authorising directions by virtue of subsection (2) may include provision—
- (a) as to the effect of any such directions so far as they are inconsistent with requirements or permissions under any other enactment;
  - (b) requiring a person not to disclose any such directions if the Secretary of State notifies the person to that effect.
- (8) For the purposes of this section any reference to the United Kingdom includes a reference to the territorial sea.
- (9) In this section “aircraft”—
- (a) subject to paragraph (b), includes—
    - (i) unmanned aircraft, and
    - (ii) aircraft capable of spaceflight activities;
  - (b) does not include the naval, military or air-force aircraft of any country.
- (10) In this section—
- “airport” means the aggregate of the land, buildings and works comprised in an aerodrome within the meaning of the Civil Aviation Act 1982 (see section 105(1) of that Act);

“airport operator”, in relation to an airport, means the person by whom the airport is managed;

“British-controlled aircraft” has the same meaning as in section 92 of the Civil Aviation Act 1982;

“the CAA” means the Civil Aviation Authority;

“enactment” includes an enactment mentioned in any of paragraphs (a) to (d) of section 54(6);

“operator”, in relation to an aircraft, means the person having the management of the aircraft, and cognate expressions are to be construed accordingly;

“pilot in command”, in relation to an aircraft, means the pilot designated by the operator as being in command and charged with the safe conduct of its flight, without being under the direction of any other pilot in the aircraft;

“registration” means registration in the register of aircraft kept by the CAA.

## 7 Shipping sanctions

(1) For the purposes of section 1(5)(e) regulations “impose shipping sanctions” if they impose prohibitions or requirements for one or more of the following purposes—

- (a) detaining within the United Kingdom, or controlling the movement within the United Kingdom of—
  - (i) disqualified ships (see subsection (8)), or
  - (ii) specified ships (see section 14);
- (b) ensuring that disqualified ships or specified ships—
  - (i) do not enter the United Kingdom, or
  - (ii) leave the United Kingdom;
- (c) preventing persons from owning, controlling, chartering or operating—
  - (i) ships registered in a prescribed country,
  - (ii) ships flying the flag of a prescribed country, or
  - (iii) specified ships;
- (d) preventing ships from—
  - (i) being registered in a prescribed country, or
  - (ii) flying the flag of a prescribed country;
- (e) preventing the registration of—
  - (i) ships in which a designated person (see section 9) holds a prescribed interest (or designated persons, taken together, hold a prescribed interest),
  - (ii) ships in which persons connected with a prescribed country hold a prescribed interest, or
  - (iii) specified ships.

(2) For the purposes of section 1(5)(e) regulations also “impose shipping sanctions” if they authorise directions within subsection (3), (4) or (5).

(3) Directions are within this subsection if they are given for a purpose mentioned in subsection (1)(a) or (b) and either—

- (a) they are given to a harbour authority by the Secretary of State, or
- (b) they are given to the master or pilot of a disqualified ship or a specified ship by—



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- (i) the Secretary of State, or
  - (ii) a harbour authority.
- (4) Directions are within this subsection if they are given by the Secretary of State to the Registrar for the purpose of terminating the registration of any ship mentioned in subsection (1)(e).
- (5) Directions are within this subsection if they are given by the Secretary of State to the master or pilot of a British ship (see subsections (12) and (13)) for the purpose of preventing the ship from travelling to—
  - (a) the sea or other waters within the seaward limits of the territorial sea adjacent to a prescribed country, or a particular place in that sea or those waters, or
  - (b) harbours in a prescribed country.
- (6) For the purposes of section 1(5)(e) regulations also “impose shipping sanctions” if, for the purpose of the implementation of so much of a UN Security Council Resolution as provides for the taking of measures in relation to ships designated for purposes of that resolution, they make provision—
  - (a) relating to such ships and corresponding to provision that may be made by virtue of subsection (1)(a), (b), (c) or (e),
  - (b) authorising directions corresponding to directions within subsection (3) to be given in relation to, or to the master or pilot of, such a ship, or
  - (c) authorising directions corresponding to directions within subsection (4) to be given in relation to such a ship.
- (7) Provision made by virtue of subsection (6) may describe the ships to which it relates by reference to the instrument in which the ships are designated, including by reference to that instrument as varied or supplemented from time to time.
- (8) In this section “disqualified ships” means ships—
  - (a) owned, controlled, chartered, operated or crewed by—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country,
  - (b) registered in a prescribed country,
  - (c) flying the flag of a prescribed country, or
  - (d) originating from a prescribed country.
- (9) Provision authorising directions by virtue of this section may include provision as to the effect of any such directions so far as they are inconsistent with requirements under any other enactment.
- (10) Provision made by virtue of this section may include provision as to the meaning of any reference in the provision to a ship being “crewed” by persons.
- (11) In subsection (1) any reference to the United Kingdom includes a reference to the territorial sea.
- (12) In this section “British ship” means a ship which—
  - (a) is registered under Part 2 of the Merchant Shipping Act 1995,
  - (b) is a Government ship within the meaning of that Act,
  - (c) is registered under the law of a relevant British possession,



- (d) is not registered under the law of a country outside the United Kingdom but is wholly owned by persons each of whom has a United Kingdom connection, or
  - (e) is registered under an Order in Council under section 1 of the Hovercraft Act 1968.
- (13) For the purposes of subsection (12)(d), a person has a “United Kingdom connection” if the person is—
- (a) a British citizen, a British overseas territories citizen or a British Overseas citizen,
  - (b) an individual who is habitually resident in the United Kingdom, or
  - (c) a body corporate which is established under the law of a part of the United Kingdom and has its principal place of business in the United Kingdom.
- (14) In this section—
- “enactment” includes an enactment mentioned in any of paragraphs (a) to (d) of section 54(6);
  - “harbour authority” has the same meaning as in the Merchant Shipping Act 1995 (see section 313(1) of that Act);
  - “master” includes every person (except a pilot) having command or charge of a ship and, in relation to a fishing vessel, means the skipper;
  - “pilot”, in relation to a ship, means any person not belonging to the ship who has the conduct of the ship;
  - “the Registrar” means the Registrar General of Shipping and Seamen or, where functions of that person are being discharged by another person, that other person;
  - “registration” means registration in the register of British ships maintained by the Registrar;
  - “relevant British possession” means—
    - (a) any of the Channel Islands,
    - (b) the Isle of Man, or
    - (c) any British overseas territory;
  - “ship” includes every description of vessel (including a hovercraft) used in navigation, except the naval, military or air-force ships of any country.

## 8 Other sanctions for purposes of UN obligations

- (1) For the purposes of section 1(5)(f), regulations impose sanctions within this section if they impose prohibitions or requirements, not otherwise authorised by this Part, which the appropriate Minister making the regulations considers that it is appropriate to impose for the purposes of compliance with a UN obligation.
- (2) The reference in subsection (1) to prohibitions or requirements includes prohibitions or requirements imposed on or otherwise relating to designated persons (see section 9).

### *Designation of persons*

## 9 “Designated persons”

- (1) Subsection (2) applies for the purposes of sections 3 and 4, Schedule 1 and sections 6 to 8.

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- (2) In each of those provisions, “designated persons” means—
  - (a) persons designated under any power contained in the regulations that authorises an appropriate Minister to designate persons for the purposes of the regulations or of any provisions of the regulations, or
  - (b) persons who are designated persons under any provision included in the regulations by virtue of section 13 (persons named by or under UN Security Council Resolutions).
- (3) In subsection (2) “the regulations” means the regulations mentioned in section 3, 4, 5(1), 6, 7 or 8 (as the case may be).
- (4) As regards designation of persons by virtue of subsection (2)(a), see sections 10 to 12.
- (5) In this Act “person” includes (in addition to an individual and a body of persons corporate or unincorporate) any organisation and any association or combination of persons.

## **10 Designation powers: general**

- (1) In this Act a “designation power”, in relation to regulations under section 1, means a power (contained in the regulations by virtue of section 9(2)(a)) for an appropriate Minister to designate persons for the purposes of the regulations or of any provisions of the regulations.
- (2) Regulations under section 1 which contain a designation power may make provision about the way in which the power must or may be exercised, including provision authorising the appropriate Minister to whom the power is granted—
  - (a) to designate a person by name;
  - (b) to provide that persons of a description specified by that Minister are designated persons;
  - (c) to designate different persons for the purposes of different provisions of the regulations.
- (3) Regulations under section 1 which contain a designation power must provide that where an appropriate Minister—
  - (a) has made a designation under the power, or
  - (b) has varied or revoked a designation made under the power (see section 22),
 that Minister must without delay take such steps as are reasonably practicable to inform the designated person of the designation, variation or revocation.
- (4) The regulations may include provision, additional to that required by subsection (3), as to steps to be taken as regards notification or publicity where a designation has been made under the designation power or a designation made under the power has been varied or revoked.
- (5) The regulations need not require a person to be notified of an intention to designate the person.
- (6) Sections 11 and 12 contain provision about criteria for designation under a designation power.

## **11 Designation of a person by name under a designation power**

- (1) This section applies to regulations under section 1 which authorise an appropriate Minister (“the Minister”) to designate persons by name.
- (2) The regulations must contain provision which prohibits the Minister from designating a person by name except where the Minister—
  - (a) has reasonable grounds to suspect that that person is an involved person (see subsection (3)), and
  - (b) considers that the designation of that person is appropriate, having regard to—
    - (i) the purpose of the regulations as stated under section 1(3), and
    - (ii) the likely significant effects of the designation on that person (as they appear to the Minister to be on the basis of the information that the Minister has).
- (3) The regulations must provide that “an involved person” means a person who—
  - (a) is or has been involved in an activity specified in the regulations,
  - (b) is owned or controlled directly or indirectly by a person who is or has been so involved,
  - (c) is acting on behalf of or at the direction of a person who is or has been so involved, or
  - (d) is a member of, or associated with, a person who is or has been so involved.
- (4) An activity may not be specified in the regulations by virtue of subsection (3) unless the Minister considers that specifying the activity is appropriate having regard to the purpose of the regulations as stated under section 1(3).
- (5) The regulations may, in the case of any activity specified in the regulations, make provision as to the meaning for the purposes of the regulations of a person’s being involved in that activity.
- (6) The regulations may make provision, for the purposes of the regulations, as to the meaning of a person’s—
  - (a) being “owned or controlled directly or indirectly by” another person, and
  - (b) being “associated with” another person.
- (7) The regulations must, in relation to any case where the Minister designates a person by name, require the information given under the provision made under section 10(3) to include a statement of reasons.
- (8) In subsection (7) a “statement of reasons” means a brief statement of the matters that the Minister knows, or has reasonable grounds to suspect, in relation to that person which have led the Minister to make the designation.
- (9) The regulations may authorise matters to be excluded from that statement where the Minister considers that they should be excluded—
  - (a) in the interests of national security or international relations,
  - (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
  - (c) in the interests of justice,(but the regulations may not authorise the Minister to provide no statement of reasons).

**12 Designation of persons by description under a designation power**

- (1) This section applies to regulations under section 1 which grant a power for an appropriate Minister (“the Minister”) to provide that persons of a specified description are designated persons.
- (2) The regulations must contain provision which prohibits the exercise of that power except where conditions A to C are met.
- (3) Condition A is that the description of persons specified is such that a reasonable person would know whether that person fell within it.
- (4) Condition B is that, at the time the description is specified, it is not practicable for the Minister to identify and designate by name all the persons falling within that description at that time.
- (5) Condition C is that the Minister—
  - (a) has reasonable grounds to suspect—
    - (i) in a case where the specified description is members of a particular organisation, that that organisation is an involved person, or
    - (ii) in the case of any other specified description, that any person falling within that description would necessarily be an involved person, and
  - (b) considers that the designation of persons of the specified description is appropriate, having regard to—
    - (i) the purpose of the regulations as stated under section 1(3), and
    - (ii) the likely significant effects of the designation (as they appear to the Minister to be on the basis of the information that the Minister has) on persons of that description.
- (6) Subsections (3) to (6) of section 11 apply to regulations which contain provision mentioned in subsection (2) above.
- (7) The regulations must, in relation to any case where the Minister provides that persons of a specified description are designated persons, require the information given under the provision made under section 10(3) to include a statement of reasons.
- (8) In subsection (7) a “statement of reasons” means a brief statement of the matters that the Minister knows, or has reasonable grounds to suspect, in relation to persons of the specified description which have led the Minister to make the provision designating persons of that description.
- (9) The regulations may authorise matters to be excluded from that statement where the Minister considers that they should be excluded—
  - (a) in the interests of national security or international relations,
  - (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
  - (c) in the interests of justice,
 (but the regulations may not authorise the Minister to provide no statement of reasons).
- (10) In this section “organisation” includes any body, association or combination of persons.

## **13 Persons named by or under UN Security Council Resolutions**

- (1) This section applies where—
  - (a) the purpose, or a purpose, of a provision of regulations under section 1 is compliance with an obligation to take particular measures in relation to UN-named persons that the United Kingdom has by virtue of a UN Security Council Resolution (“the Resolution”), and
  - (b) for that provision of the regulations to achieve its purpose as regards that obligation, the relevant UN-named persons need to be designated persons for the purposes of that provision.
- (2) The regulations must provide for those persons to be designated persons for the purposes of that provision.
- (3) Provision under subsection (2) may be expressed in any way and may in particular refer to the Resolution, or any other instrument, as varied or supplemented from time to time.
- (4) In this section—
  - a “UN-named person” means a person for the time being named (by the Security Council or a subsidiary organ of the Security Council) for the purposes of the Resolution so far as it provides for the taking of the measures in question, and
  - “the relevant UN-named persons” means each such person.

### *Specified ships*

## **14 “Specified ships”**

- (1) In each of section 7 and Schedule 1 “specified ships” means ships (within the meaning of that provision) specified under any power contained in the regulations that authorises an appropriate Minister to specify ships for the purposes of the regulations or of any provisions of the regulations.

In this subsection “the regulations” means the regulations mentioned in section 7 or section 5(1) (as the case may be).
- (2) Subsections (3) to (8) apply to regulations under section 1 which authorise an appropriate Minister (“the Minister”) to specify ships.
- (3) The regulations may make provision about the way in which the power must or may be exercised, including provision authorising the Minister to specify ships by their International Maritime Organisation number.
- (4) The regulations may make provision as to the steps to be taken as regards notification and publicity where the power is exercised.
- (5) The regulations need not require a person to be notified of an intention to specify a ship.
- (6) The regulations must contain provision which prohibits the Minister from specifying a ship except where the Minister—
  - (a) has reasonable grounds to suspect that the ship is, has been, or is likely to be, involved in an activity specified in the regulations, and

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- (b) considers that it is appropriate for that ship to be specified, having regard to the purpose of the regulations as stated under section 1(3).
- (7) An activity may not be specified in the regulations by virtue of subsection (6)(a) unless the Minister considers that specifying the activity is appropriate having regard to the purpose of the regulations as stated under section 1(3).
- (8) The regulations may, in the case of any activity specified in the regulations, make provision as to the meaning for the purposes of the regulations of a ship's being involved in that activity.

*Contents of sanctions regulations: further provision*

## **15 Exceptions and licences**

- (1) In this section “regulations” means regulations under section 1.
- (2) Regulations may—
  - (a) create exceptions to any prohibition or requirement imposed by the regulations;
  - (b) provide for a prohibition imposed by the regulations not to apply to anything done under the authority of a licence issued by an appropriate Minister specified in the regulations;
  - (c) provide for a requirement imposed by the regulations to be subject to such exceptions as an appropriate Minister specified in the regulations may direct.
- (3) Regulations may, as respects any licences or directions provided for under subsection (2)(b) or (c)—
  - (a) provide that a licence or direction may be general or issued to a category of persons or a particular person;
  - (b) provide that a licence or direction must specify what is authorised by the licence or excepted by the direction;
  - (c) make provision as to what may, or may not, be authorised by a licence or excepted by a direction;
  - (d) provide that a licence or direction may contain conditions;
  - (e) provide that a licence or direction may not be issued unless criteria specified by the regulations are met;
  - (f) make provision as to the duration of licences or directions, which may enable them to be of indefinite duration or a defined duration;
  - (g) make provision enabling licences or directions to be varied, revoked or suspended;
  - (h) make provision as to notifications or publicity to be given in connection with licences or directions.
- (4) Where regulations provide for designated persons to be excluded persons for the purposes of section 8B of the Immigration Act 1971, the regulations may—
  - (a) create exceptions from subsections (1) to (3) of that section in relation to any person who under the regulations is an excluded person (a “relevant person”);
  - (b) authorise an appropriate Minister specified in the regulations to direct that, in relation to any relevant person specified, or of a description specified,

in the direction, subsections (1) to (3) of that section have effect subject to exceptions specified in the direction.

- (5) Regulations may, as respects any directions provided for under subsection (4)(b), make any provision mentioned (in relation to directions) in subsection (3)(d) to (h).
- (6) The exceptions that may be created under subsection (2)(a) include exceptions in relation to acts done for the purposes of—
- (a) national security;
  - (b) the prevention or detection of serious crime in the United Kingdom or elsewhere.

In this subsection “act” includes an omission.

- (7) Nothing in subsection (6) is to be taken to limit subsection (2).

## 16 Information

- (1) Regulations under section 1 may make provision—
- (a) requiring persons of a prescribed description—
    - (i) to inform an appropriate authority of prescribed matters;
    - (ii) to create and retain registers or records;
  - (b) authorising an appropriate authority to require persons of a prescribed description to provide information, or produce documents, of a prescribed description;
  - (c) conferring powers to inspect and copy prescribed documents or information;
  - (d) conferring powers of entry in relation to powers conferred by virtue of paragraph (b) or (c), and about the exercise of any such powers of entry;
  - (e) authorising or restricting the disclosure of information, including provision—
    - (i) about the purposes for which information held in connection with anything done under or by virtue of the regulations may be used;
    - (ii) about the persons to whom any such information may be disclosed.
- (2) Without prejudice to anything in subsection (1), regulations under section 1 may include provision authorising or requiring prescribed information about a person designated by or under the regulations to be notified to prescribed persons or to be publicised.
- (3) In subsection (1) “appropriate authority” means—
- (a) an appropriate Minister, or
  - (b) such other person as may be prescribed.

## 17 Enforcement

- (1) In this section “regulations” means regulations under section 1.
- (2) Regulations may make provision—
- (a) for the enforcement of any prohibitions or requirements imposed by regulations;
  - (b) for the enforcement of any prohibitions or requirements imposed under regulations, including, in particular, prohibitions or requirements imposed by—



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- (i) conditions of a licence or direction issued by virtue of section 15, or
    - (ii) directions given by virtue of sections 6 and 7;
  - (c) for preventing any prohibitions or requirements mentioned in paragraph (a) or (b) from being circumvented.
- (3) The provision that may be made by virtue of subsection (2) includes provision as to the powers and duties of any person who is to enforce the regulations.
- (4) Regulations—
  - (a) may create criminal offences for the purposes of the enforcement of prohibitions or requirements mentioned in subsection (2)(a) or (b) or for the purposes of preventing such prohibitions or requirements from being circumvented, and
  - (b) may include provision dealing with matters relating to any offences created for such purposes by regulations (including provision that creates defences).
- (5) Regulations may not provide for an offence under regulations to be punishable with imprisonment for a period exceeding—
  - (a) in the case of conviction on indictment, 10 years;
  - (b) in the case of summary conviction—
    - (i) in relation to England and Wales, 12 months or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 comes into force, 6 months;
    - (ii) in relation to Scotland, 12 months;
    - (iii) in relation to Northern Ireland, 6 months.
- (6) Regulations may include provision applying, for the purpose of the enforcement of any relevant prohibition or requirement, any provision of the Customs and Excise Management Act 1979 specified in the regulations, with or without modifications.
- (7) In subsection (6) a “relevant prohibition or requirement” means—
  - (a) a prohibition or requirement imposed by regulations for a purpose mentioned in—
    - (i) section 3(1)(b) to (g) or (2), or
    - (ii) Part 1 of Schedule 1, or
  - (b) a prohibition or requirement imposed by a condition of a licence or direction issued by virtue of section 15 in relation to a prohibition or requirement mentioned in paragraph (a).
- (8) Regulations may provide that a particular offence which is—
  - (a) created by virtue of this section, and
  - (b) specified by the regulations,
 is an offence to which Chapter 1 of Part 2 of the Serious Organised Crime and Police Act 2005 (investigatory powers) applies.
- (9) Regulations may provide that a particular provision of the regulations which—
  - (a) contains a prohibition or requirement imposed for a purpose mentioned in section 3(1) or (2), and
  - (b) is specified by the regulations,
 is to be regarded as not being financial sanctions legislation for the purposes of Part 8 of the Policing and Crime Act 2017 (financial sanctions: monetary penalties).

## **18 Report in respect of offences in regulations**

- (1) In this section “relevant regulations” means regulations under section 1 which create any offence for the purposes of—
  - (a) the enforcement of any prohibitions or requirements imposed by or under regulations under section 1, or
  - (b) preventing any such prohibitions or requirements from being circumvented.
- (2) The appropriate Minister making any relevant regulations (“the Minister”) must at the required time lay before Parliament a report which—
  - (a) specifies the offences created by the regulations, indicating the prohibitions or requirements to which those offences relate,
  - (b) states that the Minister considers that there are good reasons for those prohibitions or requirements to be enforceable by criminal proceedings and explains why the Minister is of that opinion, and
  - (c) in the case of any of those offences which are punishable with imprisonment—
    - (i) states the maximum terms of imprisonment that apply to those offences,
    - (ii) states that the Minister considers that there are good reasons for those maximum terms, and
    - (iii) explains why the Minister is of that opinion.
- (3) Subsection (4) applies where an offence created by the regulations relates to a particular prohibition or requirement and the Minister considers that a good reason—
  - (a) for that prohibition or requirement to be enforceable by criminal proceedings, or
  - (b) for a particular maximum term of imprisonment to apply to that offence,is consistency with another enactment relating to the enforcement of a similar prohibition or requirement.
- (4) The report must identify that other enactment.
- (5) In subsection (3) “another enactment” means any provision of or made under an Act, other than a provision of the regulations to which the report relates.
- (6) In subsection (2) “the required time” means—
  - (a) in the case of regulations contained in a statutory instrument which is laid before Parliament after being made, the same time as the instrument is laid before Parliament;
  - (b) in the case of regulations contained in a statutory instrument a draft of which is laid before Parliament, the same time as the draft is laid.
- (7) This section applies to regulations which amend other regulations under section 1 so as to create an offence as it applies to regulations which otherwise create an offence.

## **19 Enforcement: goods etc on ships**

- (1) The provision that may be made by virtue of section 17(2) (enforcement of prohibitions or requirements) includes provision as to the powers and duties of prescribed persons in relation to—
  - (a) British ships in foreign waters or international waters,
  - (b) ships without nationality in international waters, and

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- (c) foreign ships in international waters.
- (2) Regulations may make provision by virtue of this section only for the purpose of enforcing relevant prohibitions or requirements.
- (3) A prohibition or requirement is a “relevant prohibition or requirement” for the purposes of this section if it is—
  - (a) a prohibition or requirement specified by the regulations which is imposed by regulations for a purpose mentioned in any of paragraphs 2 to 7, 15(a), (b) or (c) or 16(a) of Schedule 1, or
  - (b) a prohibition or requirement imposed by a condition of a licence or direction issued by virtue of section 15 in relation to a prohibition or requirement mentioned in paragraph (a).
- (4) The powers that may be conferred by virtue of this section include powers to—
  - (a) stop a ship;
  - (b) board a ship;
  - (c) require any person found on a ship boarded by virtue of this section to provide information or produce documents;
  - (d) inspect and copy such documents or information;
  - (e) stop any person found on such a ship and search that person for—
    - (i) prohibited goods, or
    - (ii) any thing that might be used to cause physical injury or damage to property or to endanger the safety of any ship;
  - (f) search a ship boarded by virtue of this section, or any thing found on such a ship (including cargo), for prohibited goods;
  - (g) seize goods found on a ship, in any thing found on a ship, or on any person found on a ship (but see subsection (8));
  - (h) for the purpose of exercising a power mentioned in paragraph (e), (f) or (g), require a ship to be taken to, and remain in, a port or anchorage in the United Kingdom or any other country willing to receive it.
- (5) Regulations that confer a power mentioned in subsection (4)(a) to (f) or (h) must provide that a person may not exercise the power in relation to a ship unless the person has reasonable grounds to suspect that the ship is carrying prohibited goods (and the regulations need not require the person to have reasonable grounds to suspect that an offence is being or has been committed).
- (6) Regulations that confer a power mentioned in subsection (4)(e)(i) or (f) must provide that the power may be exercised only to the extent reasonably required for the purpose of discovering prohibited goods.
- (7) Regulations that confer a power mentioned in subsection (4)(e)(ii) on a person (“the officer”) may permit the search of a person only where the officer has reasonable grounds to believe that that person might use a thing in a way mentioned in subsection (4)(e)(ii).
- (8) Regulations that confer a power mentioned in subsection (4)(g) on a person—
  - (a) must provide for the power to be exercisable on a ship only where that person is lawfully on the ship (whether in exercise of powers conferred by virtue of this section or otherwise), and
  - (b) may permit the seizure only of—

- (i) goods which that person has reasonable grounds to suspect are prohibited goods, or
  - (ii) things within subsection (4)(e)(ii).
- (9) Regulations that confer a power on a person by virtue of this section may authorise that person to use reasonable force, if necessary, in the exercise of the power.
- (10) Regulations that confer a power by virtue of this section must provide that—
  - (a) the power may be exercised in relation to a British ship in foreign waters only with the authority of the Secretary of State, and
  - (b) in relation to foreign waters other than the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession, the Secretary of State may give authority only if the State in whose waters the power would be exercised consents to the exercise of the power.
- (11) Regulations that confer a power by virtue of this section must provide that—
  - (a) the power may be exercised in relation to a foreign ship only with the authority of the Secretary of State, and
  - (b) the Secretary of State may give authority only if—
    - (i) the home state has requested the assistance of the United Kingdom for the purpose of enforcing relevant prohibitions or requirements,
    - (ii) the home state has authorised the United Kingdom to act for that purpose, or
    - (iii) the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941) or a UN Security Council Resolution otherwise permits the exercise of the powers in relation to the ship.
- (12) The reference in subsection (11) to the United Nations Convention on the Law of the Sea includes a reference to any modifications of that Convention agreed after the passing of this Act that have entered into force in relation to the United Kingdom.
- (13) In this section—
  - “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
  - “British ship” means a ship falling within paragraph (a), (c), (d) or (e) of section 7(12);
  - “foreign ship” means a ship which—
    - (a) is registered in a State other than the United Kingdom, or
    - (b) is not so registered but is entitled to fly the flag of a State other than the United Kingdom;
  - “foreign waters” means the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession or State other than the United Kingdom;
  - “goods” includes technology within the meaning of Schedule 1 (see paragraph 37 of that Schedule);
  - “home state”, in relation to a foreign ship, means—
    - (a) the State in which the ship is registered, or
    - (b) the State whose flag the ship is otherwise entitled to fly;
  - “international waters” means waters beyond the territorial sea of the United Kingdom or of any other State or relevant British possession;

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“prohibited goods” means goods which have been, or are being, dealt with in contravention of a relevant prohibition or requirement (see subsection (3));

“regulations” means regulations under section 1;

“relevant British possession” has the same meaning as in section 7 (see subsection (14) of that section);

“ship” has the same meaning as in section 7 (see subsection (14) of that section);

“ship without nationality” means a ship which—

- (a) is not registered in, or otherwise entitled to fly the flag of, any State or relevant British possession, or
- (b) sails under the flags of two or more States or relevant British possessions, or under the flags of a State and relevant British possession, using them according to convenience.

(14) In the definition of “prohibited goods” in subsection (13), the reference to goods dealt with in contravention of a relevant prohibition or requirement includes a reference to a case where—

- (a) arrangements relating to goods have been entered into that have not been fully implemented, and
- (b) if those arrangements were to be fully implemented, the goods would be dealt with in contravention of that prohibition or requirement.

## **20 Goods etc on ships: non-UK conduct**

(1) Regulations may make provision conferring on prescribed persons powers exercisable—

- (a) in relation to—
  - (i) British ships in foreign waters or international waters,
  - (ii) ships without nationality in international waters, and
  - (iii) foreign ships in international waters,
- (b) for the purpose of—
  - (i) investigating the suspected carriage of relevant goods on such ships, or
  - (ii) preventing the continued carriage on such ships of goods suspected to be relevant goods.

(2) The powers that may be conferred by virtue of this section include powers to—

- (a) stop a ship;
- (b) board a ship;
- (c) require any person found on a ship boarded by virtue of this section to provide information or produce documents;
- (d) inspect and copy such documents or information;
- (e) stop any person found on such a ship and search that person for—
  - (i) relevant goods, or
  - (ii) any thing that might be used to cause physical injury or damage to property or to endanger the safety of any ship;
- (f) search a ship boarded by virtue of this section, or any thing found on such a ship (including cargo), for relevant goods;

- (g) seize goods found on a ship, in any thing found on a ship, or on any person found on a ship (but see subsection (6));
  - (h) for the purpose of exercising a power mentioned in paragraph (e), (f) or (g), require a ship to be taken to, and remain in, a port or anchorage in the United Kingdom or any other country willing to receive it.
- (3) Regulations that confer a power mentioned in subsection (2)(a) to (f) or (h) must provide that a person may not exercise the power in relation to a ship unless the person has reasonable grounds to suspect that the ship is carrying relevant goods.
- (4) Regulations that confer a power mentioned in subsection (2)(e)(i) or (f) must provide that the power may be exercised only to the extent reasonably required for the purpose of discovering relevant goods.
- (5) Regulations that confer a power mentioned in subsection (2)(e)(ii) on a person (“the officer”) may permit the search of a person only where the officer has reasonable grounds to believe that that person might use a thing in a way mentioned in subsection (2)(e)(ii).
- (6) Regulations that confer a power mentioned in subsection (2)(g) on a person—
- (a) must provide for the power to be exercisable on a ship only where that person is lawfully on the ship (whether in exercise of powers conferred by virtue of this section or otherwise), and
  - (b) may permit the seizure only of—
    - (i) goods which that person has reasonable grounds to suspect are relevant goods, or
    - (ii) things within subsection (2)(e)(ii).
- (7) Regulations that confer a power on a person by virtue of this section may authorise that person to use reasonable force, if necessary, in the exercise of the power.
- (8) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a British ship in foreign waters only with the authority of the Secretary of State, and
  - (b) in relation to foreign waters other than the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession, the Secretary of State may give authority only if the State in whose waters the power would be exercised consents to the exercise of the power.
- (9) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a foreign ship only with the authority of the Secretary of State, and
  - (b) the Secretary of State may give authority only if—
    - (i) the home state has requested the assistance of the United Kingdom for a purpose mentioned in subsection (1)(b),
    - (ii) the home state has authorised the United Kingdom to act for such a purpose, or
    - (iii) the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941) or a UN Security Council Resolution otherwise permits the exercise of the powers in relation to the ship.

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- (10) The reference in subsection (9) to the United Nations Convention on the Law of the Sea includes a reference to any modifications of that Convention agreed after the passing of this Act that have entered into force in relation to the United Kingdom.
- (11) In this section—
- “regulations” means regulations under section 1;
  - “relevant goods” means goods in relation to which relevant non-UK conduct is occurring or has occurred;
  - “relevant non-UK conduct” means conduct outside the United Kingdom by a person other than a United Kingdom person that would constitute a contravention of a relevant prohibition or requirement if the conduct had been—
    - (a) in the United Kingdom, or
    - (b) by a United Kingdom person;
  - “relevant prohibition or requirement” has the same meaning as in section 19 (see subsection (3) of that section);
  - “United Kingdom person” has the same meaning as in section 21 (see subsection (2) of that section).
- (12) In the definition of “relevant non-UK conduct” in subsection (11), the reference to conduct that would constitute a contravention of a relevant prohibition or requirement if the conduct had been in the United Kingdom or by a United Kingdom person includes a reference to a case where—
- (a) arrangements relating to goods have been entered into that have not been fully implemented, and
  - (b) if those arrangements were to be fully implemented (and if the conduct had been in the United Kingdom or by a United Kingdom person) the goods would be dealt with in contravention of that prohibition or requirement.
- (13) In this section, the following expressions have the same meaning as in section 19—
- “arrangements”,
  - “British ship”,
  - “foreign ship”,
  - “foreign waters”,
  - “goods”,
  - “home state”,
  - “international waters”,
  - “relevant British possession”,
  - “ship”, and
  - “ship without nationality”.

## 21 Extra-territorial application

- (1) Prohibitions or requirements may be imposed by or under regulations under section 1 in relation to—
- (a) conduct in the United Kingdom or in the territorial sea by any person;
  - (b) conduct elsewhere, but only if the conduct is by a United Kingdom person.
- (2) In subsection (1) “United Kingdom person” means—
- (a) a United Kingdom national, or



- (b) a body incorporated or constituted under the law of any part of the United Kingdom.
- (3) For this purpose a United Kingdom national is an individual who is—
  - (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British Overseas citizen,
  - (b) a person who under the British Nationality Act 1981 is a British subject, or
  - (c) a British protected person within the meaning of that Act.
- (4) Her Majesty may by Order in Council provide for this section to have effect as if the list of persons in subsection (2) included a body incorporated or constituted under the law of any of the following named in the Order—
  - (a) any of the Channel Islands;
  - (b) the Isle of Man;
  - (c) any of the British overseas territories.
- (5) In this section “conduct” includes acts and omissions.
- (6) Nothing in this section limits the provision that may be made in regulations under section 1 by virtue of section 19 or 20.